

## Message Text

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15

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AGR-20 SWF-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 PA-04 PRS-01 USIA-15 DRC-01 SAM-01

/177 W

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R 230523Z AUG 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3948

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY WELLINGTON

US MISSION EC BRUSSELS 0193

UNCLAS CANBERRA 5545

PASS: AGRICULTURE FOR MEEKER AND HARTMAN

E.O. 11652: N/A

TAGS: EAGR, ETRD, EGEN, AS, UR

SUBJECT: MEAT EXPORT NEGOTIATIONS WITH USSR

1. AT ANNUAL CONFERENCE AUSTRALIAN WOOL AND MEAT PRODUCERS FEDERATION THIS WEEK INFORMATION WAS LEAKED INDICATING THAT AUSTRALIAN MEAT BOARD HAD BEEN CONDUCTING NEGOTIATIONS WITH USSR ON MEAT DURING PAST WEEK. AMB INDICATED RUSSIANS REQUESTED THEIR ENQUIRY BE KEPT CONFIDENTIAL AND BOARD HONORED THIS UNDERTAKING. BECAUSE OF CHARGES THAT AMB MISHANDLED POTENTIAL MULTI-MILLION DOLLAR SALE, SOME DETAILS HAVE BEEN RELEASED EVEN AT RISK OF OFFENDING USSR.

2. CHAIRMAN OF AMB VISITED USSR LATE IN 1973, AND IN FACE OF FALLING MEAT PRICES MAINTAINED CONTACT WITH PRODINTORG THROUGH AUSTRALIAN TRADE COMMISSIONER MOSCOW  
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AND USSR EMBASSY IN CANBERRA, BY PROVIDING INDICATIVE PRICES

FOR BEEF AND MUTTON OF A SPECIFICATION SIMILAR TO THAT SUPPLIED IN PREVIOUS CONTRACTS. FOLLOWING USSR PURCHASES OF EEC BEEF IN JULY AUSTRALIAN TRADE COMMISSIONER IN MOSCOW MADE RENEWED EFFORTS TO INTEREST PRODINTORG IN PURCHASES FROM AUSTRALIA. RUSSIANS GAVE FAVORABLE RESPONSE AND ASKED FOR PRICES FOR 5,000 TO 10,000 METRIC TONS PER MONTH OF FROZEN COMPENSATED QUARTER BEEF AND MUTTON CARCASSES, DELIVERY COMMENCING AS SOON AS POSSIBLE AND CONTINUING TO END OF 1974. TOTAL VOLUME CONSEQUENTLY APPROXIMATELY 50,000 TONS.

3. THE ENQUIRY WAS IMMEDIATELY PASSED TO AUSTRALIAN MEAT EXPORT CORPORATION, A CONSORTIUM OF EXPORTERS AND PACKERS ESPECIALLY ESTABLISHED FOR DEALING WITH THE CENTRALLY PLANNED ECONOMIES. WITHIN DAYS BOARD REPLIED INDICATING PRICES AND AVAILABILITY DESPITE UNCERTAINTY DUE TO CLOSURE OF MAJOR EXPORT WORKS AS A RESULT OF CURRENT STRIKES. BOARD ALSO OFFERED TO SEND IMMEDIATELY REPRESENTATIVES TO NEGOTIATE DETAILS IN MOSCOW. PRODINTORG RESPONDED THAT AUSTRALIAN PRICES TOO HIGH AND UNCOMPETITIVE WITH C&F PRICES BEING PAID FOR EEC BEEF. OBVIOUSLY, PRODINTORG INTEREST IN BUYING MEAT FROM AUSTRALIA WAS ONLY AT PRICES WELL BELOW CURRENT WORLD MARKET LEVELS. AMB FURTHER DISCUSSED RUSSIAN COMMENTS WITH AUSTRALIAN MEAT EXPORT CORPORATION, AND CAME TO CONCLUSION THAT IT WOULD HAVE BEEN NECESSARY FOR EXPORTERS TO PURCHASE LIVE CATTLE AT LESS THAN \$A15 PER 100 POUNDS FROM AUGUST TO DECEMBER 1974 TO SECURE A CONTRACT IN THE TERMS INDICATED BY PRODINTORG. CONSEQUENTLY, PRODINTORG WAS INFORMED THAT AUSTRALIA COULD NOT SUPPLY MEAT AT THIS TIME AT C&F PRICES COMPETITIVE WITH EEC SALES, BUT WHEN MEAT WORKS STRIKE WAS SETTLED AUSTRALIA WOULD BE HAPPY TO QUOTE FOR THE SUPPLY OF EQUAL HINDS AND CROPS (NOT COMPENSATED QUARTERS) AND ALSO FOR BONELESS BRISKETS IN BOXES.

4. IT IS GENERALLY BELIEVED THAT PRODINTORG WAS UNDER THE IMPRESSION THAT AUSTRALIA HAS A LARGE STOCK OF UNSOLD MEAT SIMILAR TO THEIR REQUIREMENTS. THIS IS OF COURSE NOT THE CASE. MEAT WORKERS HAVE BEEN ON STRIKE SINCE JULY 11 IN MOST OF THE MAJOR WORKS, AND EVEN DOMESTIC MARKET SUPPLIES ARE STARTING TO RUN SHORT IN MANY AREAS. THERE IS A LARGE UNCLASSIFIED

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STOCK OF CATTLE READY FOR SLAUGHTER, BUT THESE HAVE NOT BEEN MARKETING EITHER BECAUSE PRICES OFFERING HAVE BEEN UNATTRACTIVE OR BECAUSE PACKING PLANTS HAVE BEEN UNABLE TO HANDLE THEM. IT IS CLEAR THAT RUSSIANS USED EEC PRICES AS A LEVER IN NEGOTIATIONS, BUT AT THIS STAGE AMB NOT PREPARED TO MATCH EEC PRICES FOR CARCASS BEEF FROM INTERVENTION STOCKS WHICH HAVE BEEN DISCOUNTED SHARPLY FROM INTERVENTION BUYING PRICES, AND THUS PREJUDICE SALES BY

OTHER SUPPLIERS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, MEATS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974CANBER05545  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740233-0097  
**From:** CANBERRA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740824/aaaaatun.tel  
**Line Count:** 117  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 OCT 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 OCT 2002 by ReddocGW>; APPROVED <17 JAN 2003 by elyme>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MEAT EXPORT NEGOTIATIONS WITH USSR  
**TAGS:** EAGR, ETRD, EGEN, AS, UR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005